

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 97-586

January 28, 1998

PUBLIC UTILITIES COMMISSION
Study of Northern Maine
Connections to the New England
Grid

NOTICE OF INQUIRY

WELCH, Chairman; NUGENT and HUNT, Commissioners

I. SUMMARY

In this Notice, we initiate an inquiry to obtain information necessary to inform our study on the most effective and efficient means of assuring that certain parts of Maine which are electrically separated from the New England power grid are able to take full advantage of retail access.

II. BACKGROUND

The Legislature recently enacted legislation¹ that grants all consumers of electricity the right to purchase generation services from competitive electricity providers. We initiate this Inquiry to inform the study required by 35-A M.R.S.A. § 3206(3). The purpose of the study is to examine how consumers in portions of the State that are not directly connected to the New England electrical system can take full advantage of the competitive market.

Four of Maine's electric utilities² are currently connected to the New England electric grid through the New Brunswick Electric Power Commission (NBEPCC)³ transmission system. Electricity providers in the United States wishing to provide retail electric service to customers in these service territories would have to secure transmission services through NBEPCC. In addition to securing transmission access through New Brunswick, Load Serving Entities (LSEs) may attempt to transport power over the Maine - New Brunswick transmission interface which often has limited transfer capability. Alternatively, LSEs may attempt to

¹ "An Act to Restructure the State's Electric Industry" (Act). P.L. 1997, Ch. 316 (codified at 35-A M.R.S.A. §§ 3201 - 3207).

² The utilities are; Maine Public Service Company (MPS); an investor owned utility; Houlton Water Power (HWP) and Van Buren Power and Light (VBP&L) companies, which are municipal utilities, and Eastern Maine Electric Cooperative (EMEC), an electric Co-op.

³ NB power is not part of the New England electrical control area.

reach consumers by scheduling transmission to New Brunswick through the Hydro-Quebec (HQ) system.

III. ISSUES FOR COMMENT

We invite interested persons to comment on the following issues, and on any additional issues the Commission should address in this proceeding.

A. Physical Limitations on Transmission Capabilities:

1. What are the physical limitations on the transfers of power into and out of the MPS transmission system?
2. What are the coincident and individual peak loads of the MPS, HWP, VBP&L, and EMEC companies? When does the peak load occur?
3. Would it be possible to serve the load of all four utilities through the MPS transmission system alone? If not, what level of load (absent generation within the MPS transmission system) would go unserved?
4. What are the physical limitations on the transfer of power between the NBEPC and New England control areas? Please discuss the status of ongoing efforts to resolve any transmission constraints between the control areas.
5. Are there physical or operational transmission constraints between the provinces of New Brunswick and Quebec that would limit the availability of power from or through Hydro-Quebec (HQ) to retail customers served from the MPS transmission system? Please describe.
6. Are there physical or operational transmission constraints between the HQ and New England control areas that would prevent the scheduling of transmission through the HQ system for northern Maine consumers? Please describe.
7. It might be possible to circumvent the NEBPC system by constructing a transmission tap from the Maine Electric Power Company (MEPCO) line directly to the MPS transmission system. Please respond to the following questions:

- a. What type of transmission modeling studies would be required to establish the feasibility of such a project?
- b. What agencies/organizations would have to be involved in an investigation of this option?
- c. Is there any way to project a rough estimate for the cost of such a facility? If any such cost data exists, please provide it.
- d. Would increased access to competitive suppliers result in price decreases adequate to support the cost of this project? That is, could such a facility ever be considered economic? What information/analysis would be necessary to answer this question?
- e. What company would be the most appropriate sponsor for such a project, and how would it pay for it?

B. Institutional and Regulatory Constraints:

1. What type of transmission access over the NBEPC system would be available to electricity suppliers wishing to serve retail customers in northern Maine?
2. Please discuss what type of transmission pricing could be expected by an LSE wishing to acquire transmission access through New Brunswick.
3. Would other Canadian provinces be afforded the same transmission access and pricing as competitive LSEs, or would they receive preferential treatment as a result of their status as Crown Corporations? Please discuss.
4. What type of transmission access over the Hydro-Quebec system would be available to unregulated LSEs wishing to serve retail customers in northern Maine by scheduling transmission through HQ and then NBEPC?
5. Please discuss what type of transmission pricing could be expected by an LSE wishing to acquire transmission access through Hydro-Quebec.

C. Other:

1. Is it likely that the level of sales⁴ to consumers located in this part of the State will be adequate to attract the attention of LSEs that are interested in serving other Maine consumers who are within the ISO New England Inc. control area? If not, what steps could the Commission or Legislature take to stimulate interest?
2. The legislation requires the Commission to determine the most effective and efficient means of ensuring that northern Maine consumers are able to take full advantage of retail competition. Respondents are asked to comment on what the phrase "full advantage" means to them, and also on what they believe is the most "effective and efficient" means to achieve it.
3. What steps should the Commission or Legislature take if a study demonstrates;
 - a) customers in these service territories will be unable to take full advantage of retail access, or that
 - b) customers could take advantage of retail access, only through a direct electrical connection to the MEPCO line?
3. Interested persons are invited to describe and discuss any other relevant issues raised by 35-A M.R.S.A. § 3206(3) of the Law which have not been raised in this NOI.

Interested persons may participate in this inquiry by filing a letter stating their interest in this proceeding no later than February 11, 1998. The letter should be addressed to Dennis L. Keschl, Administrative Director and include the docket number, Docket No. 97-587. The Commission will then issue a service list. All subsequent filings must be served to all interested parties on the service list. Interested persons may file substantive comments by March 4, 1998. We will convene a meeting with parties on March 24, 1998 to discuss the comments received. We will issue a draft study before December 1, 1998.

⁴ Retail sales of the 4 utilities in the region were reported to be approximately 705,000 MWh.

Accordingly, we

O R D E R

1. That an inquiry shall be opened as described in the body of this Notice;
2. That this Notice shall be sent to all electric utilities in the State of Maine;
3. That this Notice shall be sent to persons on the Commissions electric restructuring service list;
4. That this Notice shall be sent to the New Brunswick Electric Power Company;
5. That this Notice shall be sent to the New Brunswick Department of Natural Resources and Energy;
6. That this Notice shall be sent to the ISO New England Inc.;
7. That this Notice shall be sent to Hydro-Quebec;
8. That this Notice shall be sent to the Quebec Department of Natural Resources and Energy;
9. That this Notice shall be sent to the service list of electric restructuring, Docket No. 95-462; and
10. That this Notice of inquiry will also be posted on the Commission's website, <http://www.state.me.us/mpuc>

Dated at Augusta, Maine this 26th day of January, 1998.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Nugent
 Hunt